IN THE MATTER OF THE INTEREST ARBITRATION

PROCEEDINGS BETWEEN

VILLAGE OF DEFOREST,

Employer,

and

ARBITRATOR'S AWARD
Case 13
INT/ARB 10414
Decision No. 31444-A

DANE COUNTY, WISCONSIN MUNICIPAL EMPLOYEES, LOCAL 60, AFSCME, AFL-CIO,

Union.

Arbitrator: Jay E. Grenig

Appearances:

For the Employer: Dean R. Dietrich, Esq.
Ruder, Ware & Michler

For the Union: Laurence S. Rodenstein, Staff Representative
Wisconsin Council 40, AFSCME

I. BACKGROUND

This is a matter of final and binding interest arbitration for the purpose of resolving a bargaining impasse between the Village of DeForest ("Village" or "Employer") and Dane County, Municipal Employees, Local 60, AFSCME Local 60 ("Union"). The Village is a municipal employer. The Union is the exclusive collective bargaining representative of certain Village employees.

On March 3, 2005, the Village filed a petition requesting the WERC to initiate arbitration pursuant to Wis. Stats. § 111.70(4)(cm)(6). A member of the WERC's staff conducted an investigation, finding that the parties were deadlocked in their negotia-

tions. By August 22, 2005, the parties submitted to the investigator their final offers. On September 13, 2005, the WERC certified that the investigation was closed and submitted a list of arbitrators to the parties. The parties selected the undersigned to resolve their dispute.

A hearing was conducted on December 20, 2005. Upon receipt of the parties' reply briefs, the hearing was declared closed on February 25, 2006.

II. FINAL OFFERS

A. EMPLOYER

1. Continue all provisions of the expiring contract between the parties unless modified by this Final Offer.

2. Revise the last sentence of Section 2, Step 2 of Article IV – Grievance Procedure to provide the Village Administrator up to twenty (20) days to respond in writing at step 2 in accordance with the following language:

> The Village Administrator shall render a decision within twenty (20) working days after the close of the hearing and shall provide this decision in written form to the grievant and the Unit Vice-President within said twenty (20) day period.

3. Revise Part A, Section 1 of Article XIV – Insurance to include a 2.5% employee contribution for health insurance premium effective 12/31/06 by adding the following language:

> Effective December 31, 2006, the employer agrees to pay 97.5% of the full premium for each employee and his or her dependants, and employees will be responsible for paying 2.5% of the premium for single, dual, or family coverage.

4. Revise Section 3 of Article XII – Sick Leave and Sick Leave Use to provide that employees receive a credit for eight (8) hours for every eight (8) hours of sick leave remaining when employees retire on or after 12/31/06 with credit to be used to pay for health insurance premiums after retirement in accordance with the following language:

> Employees who retire on or after December 31, 2006, upon reaching the age of 62 years or older, shall be cred-

ited eight (8) hours of pay at the employee's base rate at the time of retirement for each full day (8 hours) of accumulated sick leave. Any amounts so credited shall be used by the employer to pay premiums necessary to continue the health insurance policy covering such employee and his or her dependants as is in effect at the time of retirement as such premiums become due.

5. Revise the first sentence of Article XXXIII – Duration to provide for a two year agreement running from January 1, 2005, through December 31, 2006, in accordance with the following language:

> This Agreement shall take effect on January 1, 2005, and shall remain in full force and effect through December 31, 2006 except as provided in this paragraph.

6. Revise Appendix A – Wages by the following adjustments:

   a. Add 20¢ per hour to the maximum rate for the Public Works Crew position on 1/1/05 and 1/1/06 before the general wage increase.

   b. Create a position of Administrative Assistant II at a pay rate of 65¢ above the maximum rate for Administrative Assistant I before general wage increase on 1/1/05.

   c. Create a position of Lead Worker with a maximum wage rate of $18.68 before the general wage increase on 1/1/05. Other rates in the Lead Worker range to be based on percentage differences between the Public Works Crew maximum rate and other rates in the Public Works Crew range.

7. Revise Appendix A – Wages to provide for a 3% wage increase effective 1/1/05, and a 3.25% wage increase effective 1/1/06, to each cell and red-circle rate in accordance with the attached salary schedules.

8. The Village will make a one time $250.00 cash payment to all employees on the last payroll in December, 2006, subject to customary payroll deductions applicable to wages.

B. UNION

AFSCME Local 60 asserts that this collective bargaining agreement shall be for a two (2) year term commencing January 1, 2005 and continuing in full force and effect until December 31, 2006.

1. Prior to the application of the wage increases in (4) below, add $.20 to the maximum rate of the Public Works' Crew effective January 1, 2005 and, again, effective January 1, 2006;

2. Effective January 1, 2005, provide the administrative assistant II classification a pay grade $0.65 higher than the wage rate for the administrative I , at all points in the schedule;

3. Prior to the application of the wage increases at (4) below, create a lead worker classification whose maximum wage rate is $18.68;

4. Effective January 1, 2005, increase the value of all cells of the wage schedule by 3.0%; effective January 1, 2006, increase the value of all cells of the schedule by 3.25%;

5. Modify the grievance procedure to provide the Village Administrator up to twenty (20) days to respond in writing.

6. All other terms and conditions of employment described in the 2003-2004 predecessor Agreement shall be continued for the life of this Agreement.

III. STATUTORY CRITERIA

111.70(4)(cm)

. . .

> 7. 'Factor given greatest weight.' In making any decision under the arbitration procedures authorized by this paragraph, the arbitrator or arbitration panel shall consider and shall give the greatest weight to any state law or directive lawfully issued by a state legislative or administrative officer, body or agency which places limitations on expenditures that may be made or revenues that may be collected by a municipal employer. The arbitrator or arbitration panel shall give an accounting of the consideration of this factor in the arbitrator's or panel's decision.
>
> 7g. 'Factor given greater weight.' In making any decision under the arbitration procedures authorized by this paragraph, the arbitrator or arbitration panel shall consider and shall give greater weight to eco-

nomic conditions in the jurisdiction of the municipal employer than to any of the factors specified in subd. 7r.

7r. 'Other factors considered.' In making any decision under the arbitration procedures authorized by this paragraph, the arbitrator or arbitration panel shall also give weight to the following factors:

a. The lawful authority of the municipal employer.

b. Stipulations of the parties.

c. The interests and welfare of the public and the financial ability of the unit of government to meet the costs of any proposed settlement.

d. Comparison of wages, hours and conditions of employment of the municipal employees involved in the arbitration proceedings with the wages, hours and conditions of employment of other employees performing similar services.

e. Comparison of the wages, hours and conditions of employment of the municipal employees involved in the arbitration proceedings with the wages, hours and conditions of employment of other employees generally in public employment in the same community and in comparable communities.

f. Comparison of the wages, hours and conditions of employment of the municipal employees involved in the arbitration proceedings with the wages, hours and conditions of employment of other employees in private employment in the same community and in comparable communities.

g. The average consumer prices for goods and services, commonly known as the cost of living.

h. The overall compensation presently received by the municipal employees, including direct wage compensation, vacation, holidays and excused time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment, and all other benefits received.

i. Changes in any of the foregoing circumstances during the pendency of the arbitration proceedings.

j. Such other factors, not confined to the foregoing, which are normally or traditionally taken into consideration in the determination of wages, hours and conditions of employment through voluntary collective bargaining, mediation, fact-finding, arbitration or otherwise between the parties, in the public service or in private employment.

IV. POSITIONS OF THE PARTIES

A. The Employer

Asserting that public and private sector employers are looking for ways to control the rising cost of health insurance, the Village claims its final offer is an attempt to address the costs of health insurance by making employees a partner in those costs. The Village says it is proposing that, effective December 31, 2006, employees pay 2.5% of their health insurance premiums. In exchange for this, the Village has offered employees an extra 0.25% wage increase in 2006, a one-time cash payment of $250 for each employee in December 2006, and an increase in the sick leave benefit credit. Given the current state of health insurance and the prevalence of employee contributions toward health insurance, the Village contends its quid pro quo is very generous. The Employer says that arbitral precedent clearly supports the idea that employees paying some part of the cost of health insurance is a reasonable method of controlling health insurance costs.

The Village states the Village's wage rankings are irrelevant to the Village's health insurance proposal. It points out the Union provided no comparison between the other fringe benefits received by the external comparables and the benefits received by Village employees, and the Union did not provide any evidence of the overall financial health of each of the external comparables in comparison to the Village. The Village stresses that the Union has not shown that the Village's wage ranking is falling in regard to the external comparables.

According to the Village, it is not asking employees to contribute an unreasonable amount toward health insurance. By having a financial stake in the cost of their health insurance, the Village hopes employees will be more apt to become better consumers of health insurance and see controlling the cost of health insurance as a mutual obligation. It is the Village's position that internal comparables support its final offer with respect to health insurance.

Recognizing that for the past few years the Village has not had the very high health insurance increases that have plagued many other municipalities, the Village asserts the Union's argument does not truly address the nature of the health insurance struggle—premiums are going to continue to rise unless parties take active steps to decrease these costs. It points out that in 2006 the Village's health insurance premiums began to rise again—increase by over eight percent. According to the Village, premi-

ums will continue to rise unless the Village and the Union take steps to combat these increases.

The Village contends its wage proposal is supported by internal comparables. The Village argues the Union's wage increase of 3.25% for 2006 is overreaching and not justified by the internal or external comparables. The Village also says private sector comparables substantiate its proposal for employee contributions toward health insurance.

It is the Village's position that the interests and welfare of the public support its final offer. The Village says it is not in the interests and welfare of the public for the taxpayers in the Village to continue to subsidize a health insurance plan where employees are not responsible for sharing any of the costs of the health insurance.

For these reasons, the Village requests that its final offer be selected for incorporation into the 2005-2006 collective bargaining agreement.

B. The Union

The Union contends the Village's experience regarding annual increases in insurance premiums is extraordinary. The Union suggests this is the result of the use of a unique plan design, the cooperation of the Union in shopping for cheaper HMOs, and the less than average utilization by Village of employees.

According to the Union, the Village's offer is inconsistent with the external comparable units. The Union reasons that the Village has experienced significant cost savings in contrast with the external comparables. Accordingly, the Union argues the evidence does not disclose a compelling need to alter the status quo.

With respect to internal comparables, the Union asserts that the Village has acquiesced in the current differences in premium share between the employees represented by the Union and the police bargaining unit. The Union declares that the record shows the police received an increase in the salary structure as a quid pro quo for the police employees' health insurance contribution.

In addition, the Union argues the Village has failed to satisfy the quid pro quo test for changing the status quo. According to the Union, the evidence strongly suggests there is no compelling need for changing the status quo with respect to health insurance benefits. The Union also claims the proposed quid pro quo fails to remedy the alleged problem and is inadequate compensation.

For these reasons, the Union requests that its final offer be selected for incorporation into the 2005-2006 collective bargaining agreement.

V. FINDINGS OF FACT

A. State Law or Directive (Factor Given the Greatest Weight)

In order for this factor to come into play, employers must show that selection of a final offer would significantly affect the employer's ability to meet State-imposed restrictions. *See Manitowoc School Dist.*¸ Dec. No. 29491-A (Weisberger 1999). No state law or directive lawfully issued by a state legislative or administrative officer, body or agency placing limitations on expenditures that may be made or revenues that may be collected by a municipal employer is at issue here.

B. Economic Conditions in the Jurisdiction of the Municipal Employer (Factor Given Greater Weight)

This factor relates to the issue of the municipal employer's ability to pay. Ability to pay is not at issue in this proceeding. This factor indicates that the Village has the financial ability to fund either offer.

C. The Lawful Authority of the Employer

There is no contention that the Employer lacks the lawful authority to implement either offer.

D. Stipulations of the Parties

While the parties were in agreement on many of the facts, there were no stipulations with respect to the issues in dispute. They have, however, reached agreement on a number of issues.

E. The Interests and Welfare of the Public and the Financial Ability of the Unit of Government to Meet these Costs

This criterion requires an arbitrator to consider both the employer's ability to pay either of the offers and the interests and welfare of the public. The interests and welfare of the public include both the financial burden on the taxpayers and the provision of appropriate municipal services. The public has an interest in keeping the Employer in a competitive position to recruit new employees, to attract competent experienced employees, and to retain valuable employees now serving the Employer. Presumably the public is interested in having employees who by objective standards and by their own evaluation are treated fairly.

The public has an interest in keeping the Village in a competitive position to recruit new employees, to attract competent experienced employees, and to retain valuable employees now serving the Village. Presumably the public is interested in having

employees who by objective standards and by their own evaluation are treated fairly. What constitutes fair treatment is reflected in the other statutory criteria.

F. Comparison of Wages, Hours and Conditions of Employment

1. Introduction

The purpose in comparing wages, hours, and other conditions of employment in comparable employers is to obtain guidance in determining the pattern of settlements among the comparables as well as the wage rates paid by these comparable employers for similar work by persons with similar education and experience.

2. External Comparables

One of the most important aids in determining which offer is more reasonable is an analysis of the compensation paid similar employees by other, comparable employers. Arbitrators have also given great weight to settlements between an employer and its other employees. *See, e.g., Rock Village (Deputy Sheriffs' Ass'n)*, Dec. No. 20600-A (Grenig 1984).

The external comparables, as determined in a prior interest arbitration award, are the Town of Madison, the Village of McFarland, the Village of Mount Horeb, the Village of Oregon, the City of Verona, and the Village of Waunakee. All but one of these comparables participates in the State Health Plan (Wisconsin Employers' Group Health Plan).

Of the six comparables, one (Town of Madison) requires employees to pay ten percent of the family premium and none of the single premium. The other five comparables pay 105% of the lowest cost plan (Dean Health Plan in 2005 and Physicians Plus for 2006) for single and family. Under this formulation, at the present time employees in the five comparables do not contribute anything toward the health insurance premium. The Village's offer would require employees to pay $6.39 per month for single coverage and $20.77 for family coverage.

In 2005 the comparables, excepting the Town of Madison, require an emergency room copay of $40 per visit while the Village requires an office visit copay of $15. In 2006 the emergency room copay in the five comparables excluding the Town of Madison was increased to $60 per visit.

The 2005 prescription copays in five of the comparables are $5/$15/$35 while the prescription copays in the Village are $10/$20. Prescription copays in the Town of Madison were $6/$12 in 2006. In 2006 the prescription copays in five of the comparables remains $5/$15/$35.

Of the six external comparables, only one received a wage increase of more than 3.0% in 2005. Two of the comparables received 3.0% wage increases in 2005 and three received less than 3.0% increases. For 2006, only one external comparable has settled and it settled for a 2.75% increase.

3. Internal Comparables

Generally, internal comparables have been given great weight with respect to basic fringe benefits. *Rio Community School Dist. (Educational Support Team)*, Dec. No. 30092-A (2001 Torosian); *Winnebago Village*, Dec. No. 26494-A (Vernon 1991). Significant equity considerations arise when one unit seeks to be treated more favorably than others. Ordinarily, employers try to have uniformity of fringe benefits for all their bargaining units because it avoids attempts by bargaining units to whipsaw their employers into providing benefits that were given to other bargaining units for a very special reason. *Village of Grafton*, Dec. No. 51947 (Rice 1995).

Compensation of nonunionized employees is of little persuasion in an interest arbitration. An employer can unilaterally make changes for nonunionized employees, while an employer must bargain those changes for unionized employees. See *Columbia County (Professionals*), Dec. No. 28987-A (Krinsky 1997).

The Village currently has two bargaining units—the employees in Local 60 and the police bargaining unit. The employees in the two bargaining units and the Village's nonunionized employees are all enrolled in the same health insurance plan. With the exception of employees represented by the Union, all other Village employees contribute five percent toward the cost of health insurance.

The internal comparables demonstrate that both groups of employees received 3.0% wage increases for 2005. The members of the police bargaining unit received a 3.0% wage increase for 2005.

G. Changes in the Cost of Living

The governing statute requires an arbitrator to consider "the average consumer prices for goods and services, commonly known as the cost of living." While a number of arbitration awards suggest that changes in the cost of living are best measured by comparisons of settlement patterns, such settlements, do not reflect "the average consumer prices for goods and services." Despite its shortcomings, the Consumer Price Index ("CPI") is the customary standard for measuring changes in the "cost of living." Settlement patterns may be based on a number of factors in addition to changes in the "average consumer prices for good and services."

H. Overall Compensation Presently Received by the Employees

In addition to their salaries, employees represented by the Union receive a number of other benefits. While there are some differences in benefits received by employees in comparable employers, it appears that persons employed by the Employer generally receive benefits equivalent to those received by employees in the comparable employers.

I. Changes During the Pendency of the Arbitration Proceedings

The parties have not brought any changes during the pendency of the arbitration hearings to the Arbitrator's attention.

J. Other Factors

This criterion recognizes that collective bargaining is not isolated from those factors comprising the economic environment in which bargaining takes place. *See, e.g., Madison Schools*, Dec. No. 19133 (Fleischli 1982). Good economic conditions mean that the financial situation is such that a more costly offer may be accepted and that it will not be automatically excluded because the economy cannot afford it. *Northcentral Technical College (Clerical Support Staff)*, Dec. No. 29303-B (Engmann 1998). *See also Iowa Village (Courthouse and Social Services)*, Dec. No. 29393-A (Torosian 1999) (conclusion that employer's economic condition is strong does not automatically mean that higher of two offers must be selected or, conversely, a weak economy automatically dictates a selection of the lower final offer).

VI. ANALYSIS

A. Introduction

While it is frequently stated that interest arbitration attempts to determine what the parties would have settled on had they reached a voluntary settlement (*See, e.g., D.C. Everest Area School Dist. (Paraprofessionals)*, Dec. No. 21941-B (Grenig 1985) and cases cited therein), it is manifest that the parties' are at an impasse because neither party found the other's final offer acceptable. Realistically, if the parties reached a negotiated settlement, the final resolution would probably be the result of compromise and the outcome would be contract provisions somewhere between the two final offers here. The arbitrator must determine which of the parties' final offers is more reasonable, regardless of whether the parties would have agreed to that offer, by applying the statutory criteria.

Both final offers contain identical proposals on a number of issues including the time for the Village Administrator to respond to grievances at Step 2, the creation of new positions, and a specific wage adjustment for a specific position. The parties are

not in agreement with respect to health insurance contributions, wage increase, and sick leave credit.

B. Health Insurance Contributions

The Village proposes that effective December 31, 2006, employees will be responsible for paying 2.5% of the health insurance premium for single, dual, or family coverage. The Union proposes that the status quo be maintained.

The evidence shows that the Employer has experienced, as have other private and public sector employers, increases in health insurance costs. Although the Employer has experienced smaller increases than many other employers, it experienced an eight percent increase in 2006. The continuing problem of health insurance increases creates a major financial problem for both employers and employees, with no satisfactory solution in sight. In the meantime, employees in the public and private sectors are assuming an increased portion of the costs through co-insurance, deductibles, and co-pays.

Unfortunately, there are no simple solutions. The Employer cannot continue to absorb increasing health benefit costs and employees who need health benefits cannot afford to pick up these costs. While cost sharing is inescapable, ways must be found to contain and control these costs. Arbitrator Weisberger recognized this in *Kenosha County (Jail Staff),* Dec. No. 30797-A (Weisberger 2004), in which she wrote:

> In this area of rapidly escalating health costs, which are producing a spreading crisis throughout our nation, it is not unreasonable to expect that all County employees, including members of this bargaining unit, will absorb some of the increases for their health care. It is also not unreasonable that the County wishes its employees to be covered by a health plan that promotes turning patients into knowledgeable and cost-conscious consumers of health care services. Whether this consumerism approach will become a significant key to controlling future health care costs is yet to be determined but steps taken in this direction hold out some promise.
>
> In light of rapidly rising costs for health care services and prescription drugs the County's effort to enlist assistance from all its employees to help control this large—and rapidly escalating—County budget item is a common route taken by many public as well as private sector employers who continue to provide the bulk of funding for these key job benefits. (Given the costs involved, it is no longer appropriate to consider this benefit a "fringe benefit.") Given the very high cost of health care . . . the County would be remiss if it failed to explore seri-

ously ways to contain at least some of its rapidly rising health care expenditures.

Arbitrators generally hold that a party proposing a change in the status quo is required to offer justification for the change and to offer a quid pro quo to obtain the change. *See, e.g., Middleton-Cross Plains School Dist.*, Decision No. 282489-A (Malamud 1996). Arbitrator Malamud has explained:

> Where arbitrators are presented with proposals for a significant change to the status quo, they apply the following mode of analysis to determine if the proposed change should be adopted: (1) Has the party proposing the change demonstrated a need for the change? (2) If there has been a demonstration of need, has the party proposing the change provided a quid pro quo for the proposed change? (3) Arbitrators require clear and convincing evidence to establish that 1 and 2 have been met.

A number of arbitrators have concluded that the undisputed economic impact of rising health insurance costs has reduced the employers' burden of establishing a traditional quid pro quo where health insurance benefits are at issue. In *Village of Fox Point*, Dec. No. 30337-A (Petrie 2002), Arbitrator Petrie stated:

> [T]he spiraling costs of providing health care insurance for its current employees is a mutual problem for the Employer and the Association . . . . In light of the mutuality of the underlying problem, the requisite quid pro quo would normally be somewhat less than would be required to justify a traditional arms-length proposal to eliminate or modify negotiated benefits or advantageous contract language.

See also Pierce County (Human Services), Dec. No. 28186-A (Weisberger 1995) (where employer has shown it is paying increased health-care costs, its burden to provide quid pro quo for health care changes is reduced significantly); *Marquette County (Highway Dept.)*, Dec. No. 31027-A (Eich 2005) (same); *City of Marinette*, Dec. No. 30872-A (Petrie 2004) (same); *City of Onalaska*, Dec. No. 30550 (Engmann 2003) ("So it goes almost without saying that, with limited budgets caused by cutbacks in state aid and decreases in other revenues, a municipal employer can easily show that it has a legitimate problem of paying the increased and skyrocketing cost of health insurance premiums.").

Although the burden of providing quid pro quo for requiring employees to pay an increased share of health insurance costs is reduced, it is not eliminated. The Village has provided a reasonable quid pro quo for the modest premium contribution it is requesting from employees. The Village's wage proposal provides for a wage increase in excess of that in the external and internal comparables. The sick leave credit pro-

vides employees with a significant increase in a valuable benefit for long term employees.

Unfortunately, the choices presented in this proceeding are not very attractive. The Union insists on maintaining the status quo, while the Employer simply seeks to shift more of the cost of health insurance to employees. While it appears the parties have worked together in the past to keep health insurance premium increases lower than those of other public sector employers, there is a continuing need to work together to continue to seek mutually beneficial solutions to a continuing problem. The parties need to continue to consider solutions that reduce the cost of insurance or at least mitigate premium increases. Other parties have explored wellness programs and incentives for using health insurance wisely. *See, e.g., Milwaukee Bd. of School Directors*, Dec. No. 31105 (Grenig 2005) (although the parties could not reach agreement, they explored a number of creative solutions to the health insurance problem that are described in the award).

The evidence shows that employees in five of the six comparables pay more for emergency room visits and potentially more for prescription copays than Village employees. While five of the comparable employers agree to pay the full payment for only the lowest cost health plan, the record indicates that these employees have also agreed to pay 105% of this premium for single and family coverage under other, more expensive plans. So far, this has resulted in the employees in those comparable employers contributing nothing toward comparables; however, this is not certain to continue. (One of the comparables—the Town of Madison—requires employees to pay ten percent of the premium.) The evidence relating to comparables shows that they charge higher copays than the Village does for many items while paying more of the premium than the Village proposes.

The internal comparables suggest that the Village's final offer with respect to health benefits is more reasonable than the Union's. The importance of internal comparables in insurance benefits has been recognized by arbitrators. A uniform internal pattern is particularly persuasive in the area of insurance benefits. *Dane County (Sheriff's Deputies)*, Dec. No. 25576-A (Nielsen 1989).

Cost sharing is one accepted and recognized method of dealing with health insurance costs. In *Elkhart Lake-Glenbeulah School District (Teachers)*, Dec. No. 26941-A (Vernon 1990), Arbitrator Vernon stated:

> [T]he Arbitrator finds that there is substantial intrinsic appeal to the idea that employees—given the extremely high and accelerating cost of health insurance—should, to some degree, share in the cost. This is not because it helps lower the cost of health insurance. There is no conclusive proof on this. It is because, as the District argues, health insurance costs are such a major problem that it deserves to be mutually addressed.

> It raises consciousness as to this problem and directly gives employees a stake in addressing it. It shouldn't be lost that employees have always had a stake indirectly in the cost of benefits. The rising cost of benefits in general always impacts on the amount of the pie which can be sliced into direct wage payments. However, with health insurance fully paid, it is too easy to ignore it, to accept it as a given, and to take in for granted.
>
> With a direct stake in the cost of health insurance and with consciousness heightened about the problem, it may inspire the Parties to be more aggressive about even more cost reducing features in their health insurance . . . . In any event, any action taken by the Parties mutually to reduce health insurance costs is in the public interest.

In *City of Monona (Police)*, Dec. No. 30991-A (Kossoff 2004), Arbitrator Kossoff wrote:

> The fact that premium contribution by employees is also the clear trend both among unorganized and in collective bargaining buttresses the conclusion that it is a reasonable method of addressing the problem of soaring insurance costs.

In conclusion, while the Village's proposal requires more of a premium contribution than the comparables require, the comparables require higher copays for some items. More importantly, the Village's proposal is consistent with the internal comparables—both union and nonunion. Finally, the Village's effort to enlist assistance from all its employees to help control health benefit costs is a common route taken by many public as well as private sector employers who continue to provide the bulk of funding for these key job benefits. Based on the foregoing, it is concluded that the Village's final offer with respect to health insurance benefits is slightly more reasonable than the Union's final offer.

C. Wages

The Village proposes a 3.0% wage increase effective January 1, 2005, and a 3.25% wage increase effective January 1, 2006. The Village also proposes a one-time cash payment of $250 to all employees on the last payroll in December 2006, subject to customary payroll deductions applicable to wages. The Union proposes a 3.0% wage increase effective January 1, 2005, and a 3.25% wage increase effective January 1, 2006.

The Union appears to make the argument that its 3.25% wage increase for 2006 is warranted based on the need for catch-up. This need has not been demonstrated in this case. Catch-up is not warranted in this matter. In *Wittenberg-Birnamwood School District (Support Staff)*, Dec. No. 30185-A (5/22/02), Arbitrator Dichter wrote:

> The wages and benefits were set in this District through negotiations. The parties knew full well how the District compared with others. They established a relationship when compared to the others during those negotiations. Why should I change what the parties did in negotiation? Without evidence that the passage of time has eroded the condition of the District more than has been true in other Districts in the Athletic Conference, I will not treat this District any differently than how the employees in the other districts were treated during their negotiations.

In *City of Algoma (Police)*, Dec. No. 29399-A (Dichter 1998), Arbitrator Dichter stated:

> This Arbitrator and other arbitrators have noted in numerous cases, that where wage increases are the product of voluntary negotiations, past wage comparisons are not significant. The parties chose to put themselves where they did.

The Union has not established the need for a wage catch-up here, failing to show there has been any erosion in the Village's comparative standing. The Union seeks to increase wages by the same additional .25% increase offered by the Village as part of its quid pro quo for the insurance premium contribution. The Union should not achieve this additional increase without also accepting the quid pro quo of employee insurance premium contribution.

The record shows the Village's wage proposal is closer to the wage increases in the external comparables and the internal comparables that the Union's, when one considers that a portion of the Village's proposed increase is quid pro quo for the increase in the employee contribution to health insurance premiums.

D. Sick Leave Credit

The Village proposes that employees who retire on or after December 31, 2006, at the age of 62 or older will be credited with eight hours of pay at the employee's base rate of pay at the time of retirement for each full day (eight hours) of accumulated sick leave. The Union does not propose changing the current language providing that employees who retire at age 62 or older will be credited with five hours of pay at the employee's base rate of pay at the time of retirement for each full day (eight hours) of accumulated sick leave. The proposed increase in sick leave credit is offered by the Village as partial quid pro quo for the increase in employee contributions for health insurance premiums.

E. Conclusion

The Arbitrator is required to select one party's final offer; the Arbitrator cannot choose some provisions in one offer and some provisions in the other offer. Nor can the Arbitrator modify or edit final offers. Clearly, a negotiated agreement in which the parties select the best individual offers, modify them so they are mutually acceptable, and work together to clarify the language would be preferable to imposing one final offer on the parties. Unfortunately, the parties were unable to reach a negotiated settlement and it was necessary to have the matter resolved in arbitration.

Applying the statutory criteria, it appears that the Employer's final offer is more reasonable than the Union's.

VII. AWARD

Having considered all the applicable statutory criteria, all the relevant evidence and the arguments of the parties, it is concluded that the Village's final offer is more reasonable than the Union's final offer. The parties are directed to incorporate into their collective bargaining agreements the Employer's final offer.

Executed, this tenth day of April, 2006.

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Jay E. Grenig